



State of Utah

Department of  
Natural Resources

Division of  
Oil, Gas & Mining

ROBERT L. MORGAN  
*Executive Director*

LOWELL P. BRAXTON  
*Division Director*

OFFICE S. WALKER  
*Governor*

GAYLE F. McILACHLIN  
*Lieutenant Governor*

January 14, 2004

John Parson  
Staker & Parson Companies  
P.O. Box 27598  
Salt Lake City, Utah 84127

Re: Acceptance of "Transitional" Reclamation Contract and Reclamation  
Surety, Staker & Parson Companies, Beck Street Mine, M/035/019, Salt  
Lake County, Utah

Dear Mr. Parson:

On January 13, 2004, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of "transitional" reclamation surety for Staker & Parson Companies Beck Street mine. The transitional reclamation surety in the amount of \$300,000 is in the form of a surety bond (#SB087934) issued by XL Specialty Insurance Company. *The transitional surety is intended to temporarily cover the anticipated reclamation costs for the current disturbance at the Beck Street Mine. The transitional surety will remain in place until the large mining notice of intention is approved, but for no longer than a 12 month period. Before the large mine plan is approved, the amount of surety may have to be adjusted accordingly to reflect the final reclamation plan details. A new Reclamation Contract must also be submitted at the time the final surety is posted.* Enclosed please find copies of the fully signed and executed "transitional" Reclamation Contract and surety bond forms for your files.

**With the filing of this Transitional Reclamation Surety mitigation items #1, #2, and #3 outlined in the November 25, 2003 Division Directive have now been satisfied. Item #5 is hereby rescinded.**

Once we complete the review of JBR's plan and reach tentative approval, we will publish our decision in the Salt Lake newspapers, which will satisfy mitigation item #4 of the Division Directive.

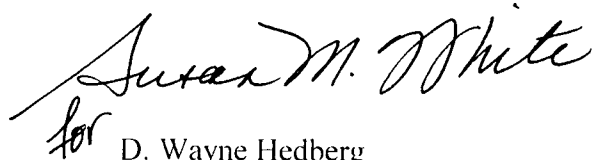
You may continue mining operations within the current disturbed area footprint. **Please assure that you do not mine or expand beyond this footprint.**

Mike Dalley  
Page 2 of 2  
M/035/019  
January 14, 2004

You may continue mining operations within the current disturbed area footprint. **Please assure that you do not mine or expand beyond this footprint.**

Please contact me at (801) 538-5286 or Doug Jensen at 538-5382 if you have any questions regarding this letter.

Sincerely,

A handwritten signature in cursive script that reads "Susan M. White". The signature is written in dark ink and is positioned above the typed name and title.

*for* D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
cc Mike Dalley Staker & Parson, Murray Office  
O:\M035-Salt Lake\M0350019-Staker.Final accept-transit-surety-01142004.doc

FORM MR-TRC  
RECLAMATION CONTRACT  
(SMO - LMO transition)  
(Revised April 17, 2001)

DOGM File Number M/035/019  
Effective Date Jan 13, 2004  
Other Agency File Number \_\_\_\_\_

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

RECEIVED

**TRANSITIONAL RECLAMATION CONTRACT**

---ooOoo---

**JAN 08 2004**

DIV OF OIL GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)  
(Mineral Mined)

M/035/019  
Limestone

"MINE LOCATION":

(Name of Mine)  
(Description)

Beck Street  
1800 North Beck Street  
Salt Lake City, UT

"DISTURBED AREA":

(Disturbed Acres)  
(Legal Description)  
(Topographic Map)

345 Acres  
(refer to Attachment A")  
(Attachment C@, disturbed area boundary)

"OPERATOR":

(Company or Name)  
(Address)

(Phone)

Staker & Parson Companies  
P.O. Box 27598  
Salt Lake City, UT 84127  
(801) 258-3900

"OPERATOR'S REGISTERED AGENT":

(Name)  
(Address)

(Phone)

CT Corporation Systems  
50 West Broadway, 8th Floor  
Salt Lake City, UT 84101  
(801) 364-5101

OPERATOR'S OFFICER(S)":

John Parson CEO

"SURETY":  
 (Form of Surety - Attachment B) Surety Bond

"SURETY COMPANY" (Name)  
 (Policy or Acct. No.) XL Specialty Insurance Co.

"SURETY AMOUNT":  
\$300,000.00

"STATE":  
 "DIVISION":  
 "BOARD":  
State of Utah  
Division of Oil, Gas and Mining  
Board of Oil, Gas and Mining

ATTACHMENTS:

- A "DISTURBED AREA":  
 B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Staker & Parson Companies the "Operator" and the Utah State Division of Oil, Gas and Mining (ADivision@). A Reclamation Contract is required under Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules.

WHEREAS, Operator has exceeded the approved five (5) acre threshold for a small mining operation, R647-3-113, and Operator desires to continue mining operations for an Ainterim@ period of not more than 12 months, upon areas already disturbed totaling 345 acres. Within 90 days of the filing of this contract and reclamation surety, the operator agrees to file a complete Notice of Intention to Commence Large Mining Operations (Form MR-LMO) describing a detailed mining and reclamation plan for continued operations at this site. An approved Large Mining Notice of Intention must be in place at the end of a 12 month time period following Division receipt of this contract. Any extension of this filing time period will be in writing and at the sole discretion of the Division.

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. The approved form and amount of surety is attached hereto as Attachment B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Division in writing. If the form of surety expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the

surety, the Operator shall provide a replacement surety in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.

3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules including but not limited to, the previously accepted Small Mining Notice, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies 1) that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, and the previously accepted Small Mining Notice, as amended , or 2) until a mining and reclamation plan for a large mining operation has been approved by the Division and the final Reclamation Contract and surety are in place.
6. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
7. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State of Utah, and is in addition to any other rights and authorities the Division and Board have to seek relief from the Operator.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
10. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an Order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an Order to revoke the Small Mining Notice of Intention, order reclamation, or order forfeiture of the surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the surety,

upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

12. This Contract including the Small Mining Notice of Intention, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Staker & Parson Companies  
Operator Name

By: John Parson  
Authorized Officer (Typed or Printed)

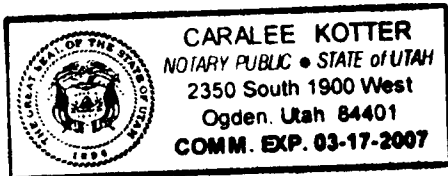
CEO  
Authorized Officer - Position

John W. Parson  
Officer's Signature

1/6/04  
Date

STATE OF Utah )  
COUNTY OF Weber ) ss:

On the 16 day of January, 2004, John W. Parson  
personally appeared before me, who being by me duly sworn did say that he/she is the  
President of Staker & Parson Co. and duly  
acknowledged that said instrument was signed on behalf of said company by authority of its  
bylaws or a resolution of its board of directors and said John W. Parson  
duly acknowledged to me that said company executed the same. MD



Caralee Kotter  
Notary Public  
Residing at Ogden Utah

3/17/07  
My Commission Expires:

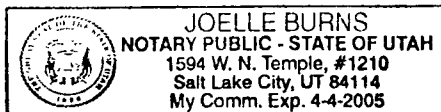
DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton  
Lowell P. Braxton, Director

Date 1/13/04

STATE OF Utah)  
COUNTY OF Salt Lake) ss:

On the 13<sup>th</sup> day of January, 2004, Lowell P Braxton  
personally appeared before me, who being duly sworn did say that he, the said  
Lowell P Braxton is the Director of the Division of Oil,  
Gas and Mining, Department of Natural Resources, State of Utah, and he duly acknowledged to  
me that he executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns  
Notary Public  
Residing at: SLC 101

April 4 2005  
My Commission Expires:



## ATTACHMENT "A"

Staker & Parson Compnaies  
Operator

Beck Street  
Mine Name

M/035/019  
Permit Number

Salt Lake County, Utah

### LEGAL DESCRIPTION

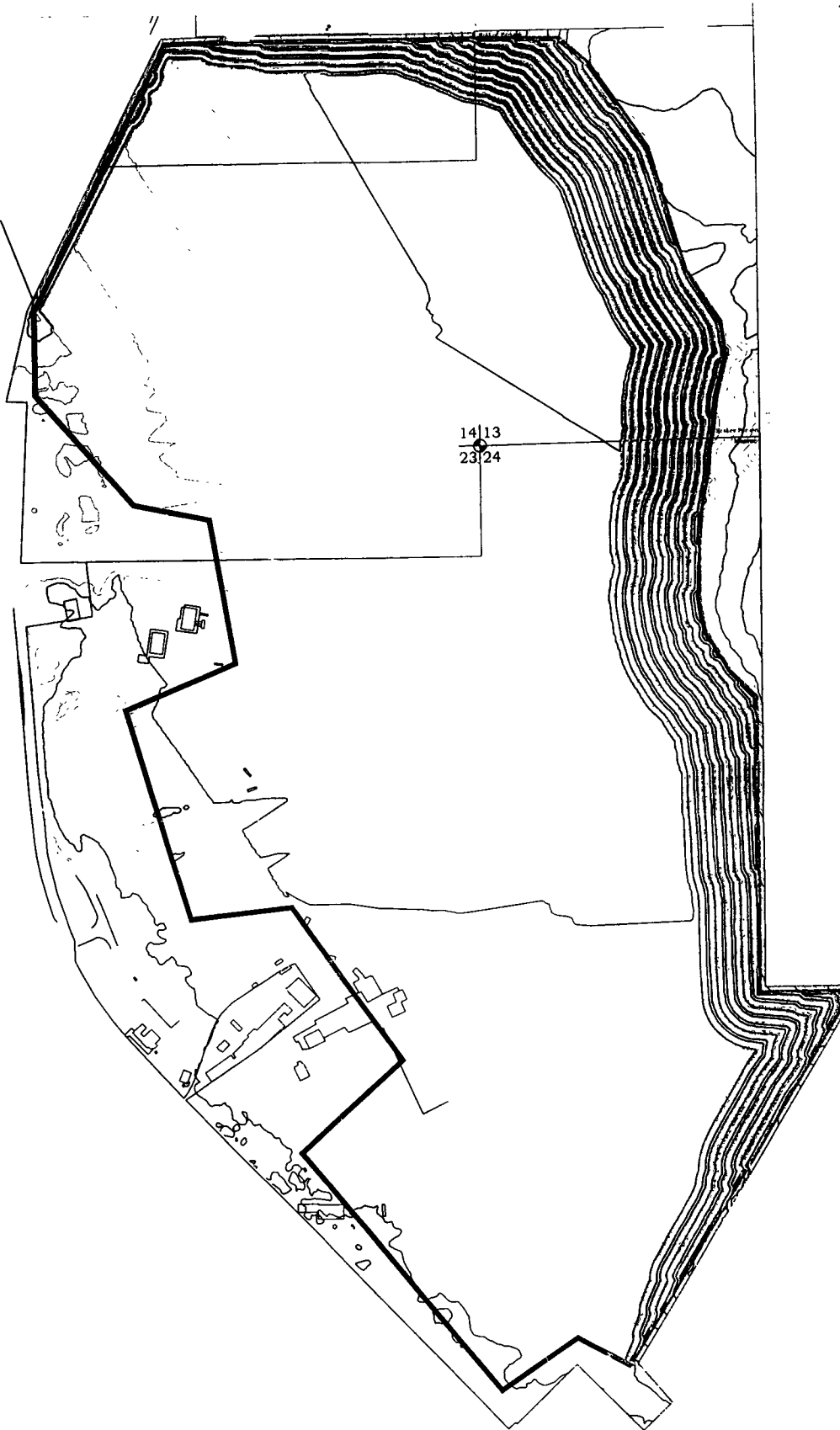
*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*


**The detailed legal description of lands disturbed is:**

~~See Exhibit A~~

S 1/2, SE 1/4 of Sec. 14, the SW 1/4 of Sec. 13, the NW NE 1/4 of Sec. 23, and the NW 1/4 of Sec. 24, T1N, R1W, SUB&M

Disturbed Area  
345 acres



 <b>STAKER PARSON</b>	<b>Beck Street Quarry</b> Salt Lake County	
	<b>Existing Map</b> Property Description & Disturbed Area	
	1:500	Mine Plan 100303

ATTACHMENT B

FORM MR-5  
(SMO-LMO Transition)  
October 30, 2000

Bond Number \_\_\_\_\_  
Permit Number M/035/019  
Mine Name NORTH BECK STREET

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Telephone: (801) 538-5291  
Fax: (801) 359-3940

RECEIVED

THE MINED LAND RECLAMATION ACT

JAN 08 2004

TRANSITIONAL SURETY BOND

DIV OF OIL GAS & MINING

\*\*\*\*\*

The undersigned STAKER & PARSON COMPANIES, as Principal, and XI SPECIALTY INSURANCE COMPANY, as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) in the penal sum of THREE HUNDRED THOUSAND \*\*\*\*\* dollars (\$ 300,000.00).

Principal has estimated that 345 acres of land is disturbed by mining operation in the State of Utah.

A legal description and a topographic map of the disturbed land are attached as "Attachment A" and "Attachment C" to the Reclamation Contract, of which this document is an integral part.

Unless the Division extends in writing the time period for this bond, the above-described penal sum shall be forfeited if the Principal has not satisfactorily reclaimed the disturbed lands in accordance with the requirements of the Mined Land Reclamation Act, and the rules and regulations adopted in accordance herewith, within one year (365 days) of the effective date of this Surety Bond. However, the Division may release the surety of its obligations under this bond if: 1) Principal has provided a substitute surety as part of an approved large mine operator permit, which is in the form and amount acceptable to the Division; or 2) Principal has satisfactorily reclaimed the disturbed lands in accordance with the requirements of the Mined Land Reclamation Act, and the rules and regulations adopted in accordance herewith.

The undersigned agrees to limit mining to the present disturbed area until such time as a Notice of Intention to Commence Large Mining Operations can be reviewed and approved by the Division.

Page 2  
MR-5 - (SMO-LMO Transition)  
Attachment B  
October 30, 2000

Bond Number \_\_\_\_\_  
Permit Number M/035/019  
Mine Name NORTH BECK STREET

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

STAKER & PARSON COMPANIES  
Principal (Permittee)

Randy Anderson  
By (Name typed):

Vice President  
Title

[Signature]  
Signature

1/6/04  
Date

**Surety Company**

XL SPECIALTY INSURANCE COMPANY  
Surety Company Name

TINA DAVIS  
Surety Company Officer

ATTORNEY-IN-FACT  
Title/Position

[Signature]  
Signature

25 INDEPENDENCE BLVD., STE. 103  
Street Address

WARREN, NEW JERSEY 07059  
City, State, Zip

801-539-7406  
Phone Number

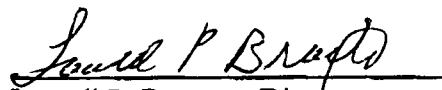
DECEMBER 4, 2003  
Date

Page 3  
MR-5 - (SMO-LMO Transition)  
Attachment B  
October 30, 2000

Bond Number \_\_\_\_\_  
Permit Number M/035/019  
Mine Name NORTH BECK STREET

SO AGREED this 13<sup>th</sup> day of January, 2004.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

  
\_\_\_\_\_  
Lowell P. Braxton, Director  
Utah State Division of Oil, Gas and Mining

\*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

## AFFIDAVIT OF QUALIFICATION

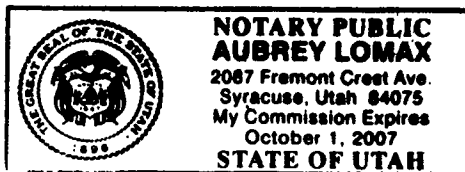
On the 4TH day of DECEMBER, 20 03, TINA DAVIS  
personally appeared before me, who being by me duly sworn did say that he/she is the ATTORNEY-IN-FACT  
FACT of XL SPECIALTY INSURANCE COMPANY and duly acknowledged that said  
instrument was signed on behalf of said company by authority of its bylaws or a resolution of its  
board of directors and said TINA DAVIS duly acknowledged to me that said  
company executed the same, and that he/she is duly authorized to execute and deliver the  
foregoing obligations; that said Surety is authorized to execute the same and has complied in all  
respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and  
obligations.

Signed: \_\_\_\_\_  
Surety Officer

Title: TINA DAVIS, ATTORNEY-IN-FACT

STATE OF UTAH )  
 ) ss:  
COUNTY OF SALT LAKE )

Subscribed and sworn to before me this 4TH day of DECEMBER, 20 03



\_\_\_\_\_  
Notary Public  
Residing at: SYRACUSE, UTAH

My Commission Expires:

OCTOBER 7, 20 07

# **SURETY DISCLOSURE NOTICE CONCERNING FEDERAL TERRORISM RISK INSURANCE ACT**

You should know that, effective November 26, 2002, the US Congress enacted the Terrorism Risk Insurance Act of 2002 (the "Act"). Under the Act, any covered losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

In accordance with this Act, we are providing this disclosure notice for bonds on which XL Specialty Insurance Company is the surety.

## **DISCLOSURE OF PREMIUM**

The portion of the bond premium attributable to coverage for certified acts of terrorism under the Act is Zero Dollars (\$0.00)



THIS IS NOT A BOND NUMBER

UNLIMITED POWER OF ATTORNEY

XLS 73544

KNOW ALL MEN BY THESE PRESENTS: That the XL SPECIALTY INSURANCE COMPANY, a corporation organized and existing by virtue of the laws of the State of Delaware ("Company" or "Corporation"), with offices at 25 Independence Blvd., Suite 103, Warren, New Jersey, 07059, does hereby nominate, constitute and appoint; *Tina Davis, Jace Pearson, Doris Martin, Karen Hone, Vicki Sorensen*, its true and lawful Attorney(s)-in-fact to make, execute, attest, seal and deliver for and on its behalf, as surety, and as its act and deed, where required, any and all bonds, undertakings, recognizances and written obligations in the nature thereof, the penal sum of no one of which is in any event to exceed \$UNLIMITED.00. Such bonds and undertakings, when duly executed by the aforesaid Attorney(s)-in-fact shall be binding upon the said Company as fully and to the same extent as if such bonds and undertakings were signed by the President and Secretary of the Company and sealed with its corporate seal. This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of the Company on the 5<sup>th</sup> day of December, 1988:

"RESOLVED, That the President, or any Vice President of the Company or any person designated by any one of them is hereby authorized to execute Powers of Attorney qualifying the attorney named in the given Power of Attorney to execute in behalf of the Company, bonds, undertakings and all contracts of suretyship, and that any Secretary or any Assistant Secretary of the Company be, and that each or any of them hereby is authorized to attest the execution of any such Power of Attorney, and to attach thereto the Seal of the Company.

FURTHER RESOLVED, That the signature of such officers and the Seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be thereafter valid and binding upon the Company with respect to any bond, undertaking or contract of suretyship to which it is attached."

Bonds executed under this Power of Attorney may be executed under facsimile signature and seal pursuant to the following Resolution adopted by the Board of Directors of the Company on August 7, 1997.

"RESOLVED, That the signature of Nicholas M. Brown Jr., as President of this Corporation, and the seal of this Corporation may be affixed or printed on any and all bonds, undertakings, recognizances, or other written obligations thereof, on any revocation of any Power of Attorney, or on any certificate relating thereto, by facsimile, and any Power of Attorney, any revocation of any Power of Attorney, bonds, undertakings, recognizances, certificate or other written obligation, bearing such facsimile signature or facsimile seal shall be valid and binding upon the Corporation."

IN WITNESS WHEREOF, the XL SPECIALTY INSURANCE COMPANY has caused its corporate seal to be hereunto affixed, and these presents to be signed by its duly authorized officers this September 16th, 2003.

XL SPECIALTY INSURANCE COMPANY



*Nicholas M. Brown, Jr.*

BY

PRESIDENT

Attest

*Ben M. Llaneta*

SECRETARY

STATE OF NEW JERSEY  
COUNTY OF BERGEN

On this 16th day of September, 2003, before me personally came Nicholas M. Brown Jr. to me known, who, being duly sworn, did depose and say, that he is President of the Corporation described in and which executed the above instrument, that he knows the seal of said Corporation; that the seal affixed to the aforesaid instrument is such corporate seal and was affixed thereto by order and authority of the Board of Directors of said Company; and that he executed the said instrument by like order

REBECCA CLAIRE KOLLHOFF  
Notary Public  
State of New Jersey  
My Commission Expires 3/8/2007



*Rebecca Claire Kollhoff*

NOTARY PUBLIC

STATE OF DELAWARE  
COUNTY OF NEW CASTLE

I, Ben M. Llaneta, Secretary of the XL SPECIALTY INSURANCE COMPANY a corporation of the State of Delaware, do hereby certify that the above and forgoing is a full, true and correct copy of Power of Attorney issued by said Company, and that I have compared same with the original and that it is a correct transcript therefrom and of the whole of the original and that the said Power of Attorney is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company, at the City of Wilmington, this 4 day of DECEMBER 20\_\_03



SECRETARY

*Ben M. Llaneta*

This Power of Attorney may not be used to execute any bond with an inception date after September 16, 2007

This document is printed on a blue background